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## EDUCATION

### CHARTER SCHOOLS

Charter schools, authorized in 1995 to provide for the creation of innovative independent public schools for pupils, may be of four types:

Type 1	Type 2	Type 3	Type 4
A new school operated pursuant to a charter between a nonprofit corporation created to operate the school and a local school board.	A new school or a preexisting public school converted and operated pursuant to a charter between the nonprofit corporation and BESE.	A preexisting public school converted and operated pursuant to a charter between a nonprofit corporation and a local school board.	A preexisting public school converted or a new school operated pursuant to a charter between a local school board and BESE.

**FINDING:** The number and cost associated with Type 2 charter schools has continued to increase since school systems are not required to transfer local funds to a Type 2 charter school. State funds are provided in lieu of local funds for Type 2 charter schools.

**OPTION 1:** Require that a Type 2 charter school shall receive the local per pupil funding amount for each pupil from the local school district in which the pupil would otherwise be enrolled if he was not enrolled in a Type 2 charter school and was attending a public school.

Provide that the state department of education designate the local per pupil funding amount for each Type 2 charter school and the local school district responsible for providing that amount. Require each local school district so designated by the state department of education to provide the local per pupil funding amount in accordance with guidelines adopted by the State Board of Elementary and Secondary Education.

**Description And Background:** Sixty-four percent of all approved charter schools are Type 2 charter schools that receive all their funding from the state while the other three types receive state and local funds. Federal funds, where applicable, are allocated to all charter schools.

The following schedule illustrates the Type 2 funding history.

<b>FISCAL YEAR</b>	<b>SGF</b>	<b>NUMBER OF TYPE 2 CHARTER SCHOOLS</b>
1998-99	\$1,606,448	2
1999-00	\$7,487,089	8
2000-01	\$12,924,122	10
2001-02		
ExecBudRec	\$13,224,122	20

**Note:** The 2001-02 Executive Budget for Type 2 charter schools is \$13 million. The state Department of Education projected a Type 2 cost ranging from \$29-\$35 million for 2001-02. The department has estimated the 2000-01 Type 2 cost to be approximately \$9 million. The Executive Budget did not indicate how BESE and the department should administer the Type 2 charter school program in the event the appropriation is insufficient to fund those schools.

**Estimated Fiscal Impact:** If this option had been in effect for FY 00-01, local school systems would have contributed \$3.2 million.

**Action Required To Implement:** Legislation is needed to require the local contribution for Type 2 Charter Schools.

**FINDING:** A Type 2 charter school may not be funded at a per pupil amount other than that specified in the charter school legislation.

**OPTION 1: Authorize BESE to determine the Type 2 charter school per pupil funding amount up to but not to exceed the per pupil amount specified in the charter school legislation.**

**Description And Background:** A charter school chartered by a local school board may agree to receiving a lesser per pupil amount than required in the statutes in exchange for specific services provided by the local board. This authorization does not extend to BESE. Although a Type 2 charter school may request in their budget a per pupil amount that is less than the per pupil amount mandated in the statutes, BESE is not authorized to award the lesser amount.

**Estimated Fiscal Impact:** Savings are possible. However, there are no data with which to estimate savings for this option.

**Action Required To Implement:** Legislation is needed to provide BESE with this authority.

**FINDING:** By BESE policy, funding for Type 2 charter schools is based on the October 1 pupil count. Charter school law does not specifically authorize a second pupil count to reflect changes after October 1 in the number of pupils served in the Spring Semester.

**OPTION 1: Provide for a second pupil count during the Spring Semester which would be used to determine that period's funding for Type 2 charter schools.**

**Description And Background:** Type 2 charter schools receive a per pupil allocation based on an October 1 enrollment which is then audited and any funding adjustments are made the following year. Although the number of pupils may change after the October 1 enrollment count during the school year, the Type 2 charter school allocation is unaffected.

**Estimated Fiscal Impact:** There are no data with which to estimate any savings or costs from this option.

**Action Required To Implement:** Legislation is needed to adjust funding based on enrollment changes within the school year. BESE and the state Department of Education should determine when a second enrollment count should be made and if it could be undertaken when BESE and department staffs review the operation of the Type 2 charter school.

**FINDING:** A charter school which fails to open and serve pupils is required to refund all allocated money to the state or the local school district as appropriate although a major portion of the initial funding has already been spent. The charter school law is not specific if the charter school closes for any reason.

**OPTION 1: Require that “all cash on hand attributed to state or local funding be returned” to the state or to the local school system rather than requiring the return of all money allocated if the charter school fails to open. Expand this requirement to a charter school that “closes for any reason.”**

**Description And Background:** Currently, if any charter school fails to open and serve pupils, all money allocated for such a school is to be refunded even though some of those funds may have already been expended. Charter school law does not specifically address this issue for a charter school that closes for any reason. Requiring the return of all cash on hand provides an alternative policy if the charter school fails to open and should also apply to a charter school that closes for any reason.

**Estimated Fiscal Impact:** There are no data with which to estimate the fiscal impact of this option.

**Action Required To Implement:** Legislation is needed to impose this requirement.

**FINDING:** Charter school law states that all students no matter their age shall count for funding purposes whereas the MFP membership definition by BESE limits the student count to those in kindergarten through age 21 with certain exceptions for special education children.

**OPTION 1:** Provide that, for purposes of funding, the age requirements of students served in charter schools correspond with the age requirements established by BESE for MFP purposes for students served by the public school systems.

**Description And Background:** Charter school law provides that all students enrolled in a charter school, no matter their age, shall count in the school's total student count for the purposes of funding as long as each such student is pursuing a regular high school diploma or a general education development certificate.

**Estimated Fiscal Impact:** Type 2 charter schools are the only charter schools funded outside the MFP membership definition. Any savings will be dependent on the ages of students enrolled at Type 2 charter schools for which they will no longer receive funding.

**Action Required To Implement:** Legislation is needed to impose this requirement.

**FINDING:** General Educational Development (GED) students enrolled in Type 2 charter schools generate the same per pupil funding amount as do regular students enrolled in those charter schools.

**OPTION 1:** Authorize BESE to limit Type 2 charter school per pupil funding for students seeking a GED equivalency diploma.

**Description And Background:** The annual average cost per adult education student is approximately \$300. The annual average cost per Type 2 charter school student is approximately \$5,000. The funding limitation could be set at an amount under \$1,000.

**Estimated Fiscal Impact:** Savings are possible. However, there are no data with which to estimate the savings from this option.

**Action Required To Implement:** Legislation is needed to implement.